

NEW JERSEY ASSOCIATION OF COUNTIES

County Government with a Unified Voice!

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STATE HOUSE NEWS

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AMERICAN RESCUE PLAN - LOCAL FISCAL RECOVERY FUND

As public officials across the State of New Jersey anticipate receiving \$10.2 billion in American Rescue Plan (ARP) monies and forthcoming guidance from the U.S. Department of Treasury, the "Reader's Digest" version below provides a general overview on how and when the monies may be spent.

HOW MUCH MONEY

- *State of New Jersey:* \$6.4 billion
- *Counties & Municipalities:* \$3.8 billion

DISTRIBUTION OF FUNDS

- *Direct Payments:* The State of New Jersey, all 21 counties, and municipalities with populations of 50,000 or more will receive direct payments from the federal government.
- *Indirect Payments:* Municipalities with populations of 50,000 or less will receive payments from a process to be determined by the New State of Jersey.

WHEN TO EXPECT FUNDS

- *60 Days from ARP Enactment:* The State of New Jersey, all 21 counties, and municipalities with populations of 50,000 or more will receive 50% of projected ARP monies by May 11, 2021 and the balance within one year.
- *90 - 150 Days from ARP Enactment:* Municipalities with populations of 50,000 or less will receive 50% of projected ARP monies from a process to be determined by the State of New Jersey by June 11, 2021 the earliest or August 11, 2021 the latest as the State of New Jersey must distribute the funds to such municipalities within 30 days after receipt but may request two (30) day extensions. Please note that the State may not reduce federal allocations, nor may the State add conditions to receiving the funding and must distribute the balance within one year.

DEADLINE TO SPEND FUNDS

- *December 31, 2024:* The State of New Jersey, all 21 counties, and all municipalities must spend ARP monies by December 31, 2024.

GENERALLY PERMISSIBLE USE OF FUNDS

- *Public Health Emergency:* Responding to the public health emergency with respect to COVID-19 and its negative economic impact.
- *Essential Workers:* Providing premium pay to eligible workers that are performing essential work or by providing grants to eligible employers that employ eligible workers who perform essential work.
- *Reduction in Revenue:* Addressing lost revenues caused by the COVID-19 public health emergency such as court fees, recreation fees, and more.
- *Infrastructure Investments:* Investing in water, sewer, and broadband infrastructure.

GENERALLY IMPERMISSIBLE USE OF FUNDS

- *Net Tax Revenue Reduction:* States may not use funds to offset reductions in net tax revenues - stay tuned for clarification on whether this restriction applies to counties and municipalities.
- *Pension Fund:* No funds shall be deposited into any pension fund.

ACCOUNTABILITY OF FUNDS

- *Office of Recovery Programs:* The U.S. Department of Treasury recently established the Office of Recovery Programs to lead the Department's implementation of the economic relief and recovery programs, which includes the publication of official guidance on how to spend ARP monies.
- *New Jersey Office of the State Comptroller (OSC):* As was the case with the 9 counties that received direct funding under the CARES Act monies in 2020, the OSC may also require an accounting of how ARP monies are spent.
- *Division of Local Government Services (DLGS):* As county and municipal budget deadlines have not changed as of this writing, DLGS is expected to issue guidance on how to spend ARP monies in light of the various deadlines and other budgetary requirements under the law.
- *General Compliance:* The U.S. Department of Treasury may require the State, counties, and municipalities to repay funds if they do not comply with the forthcoming guidance.

IMMEDIATE STEPS

- *DUNS Number:* The State of New Jersey, all 21 counties, and all municipalities must have a valid DUNS number, which is a unique nine-character number used to identify an organization and is issued by Dun & Bradstreet. The federal government uses the DUNS number to track how federal money is allocated. A DUNS number is required prior to registering with the SAM database.
- *SAM Registration:* The State of New Jersey, all 21 counties, and all municipalities with populations over 50,000 must have an active SAM registration, which is the official government-wide database to register with in order to do business with the U.S. government.
- *Payment Information:* The State of New Jersey, all 21 counties, and all municipalities must gather the entity's payment information, which includes: the Entity Identification Number (EIN), name, and contact information; the name and title of an authorized representative of the entity; and other financial institution information.

NJAC will continue working with our friends at the National Association of Counties (NACo) on reviewing, analyzing, and deciphering ARP Local Fiscal Recovery Fund guidance once it becomes available. NJAC also plans on working with DLGS and county officials from across the State on developing a uniform understanding of how each county is generally spending its monies in accordance with the ARP.

IN-PERSON EARLY VOTING

As the State Legislature is in the process of reviewing the Fiscal Year 2022 State Budget proposed by Governor Phil Murphy, NJAC shared with legislative leadership the election expenditures contained on the following pages of which each county is projected to incur as a direct result of implementing P.L. 2021, Chapter 40. Please note that the table and footnotes do not include the additional long-term operational expenses for new hires and staff overtime costs; the storage, security, and maintenance of additional voting equipment; annual vendor fees, warranties, licenses, and software; the acquisition of consumables such as ballot bins, ballot stock, printer cartridges, thermal paper rolls, USB sticks, transportation bags and, more; and, the creation, management, and establishment of a secure data center.

Importantly, NJAC is not questioning the merits of in-person early voting, which passed both houses with bi-partisan support. NJAC's primary issue with the new law is that the Governor's proposed budget for Fiscal Year 2022 only allocates \$20.0 million in funding for in-person early voting when it will cost substantially more to implement. Moreover, it's unclear whether the proposed funding is earmarked to make necessary upgrades to the Statewide Voter Registration System or to reimburse county governments as required under the law. Over the next several weeks, NJAC will continue working with

legislative leadership and the front office on securing additional funding for all 21 counties. However, if the Fiscal Year 2022 State budget fails to provide any additional monies for counties to implement in-person early voting, NJAC is prepared to file a complaint with the New Jersey Council on Local Mandates as authorized by the Association's Board of Directors on April 16th.

In general, the New Jersey Council on Local Mandates is charged with ruling on whether laws, rules, regulations, or directives impose unfunded State mandates on county and other local governing bodies. If NJAC files an action with the Council concerning in-person early voting and the Council rules in our favor, the Legislature may simply fund the measure if they so choose as was the case in 2019 with the vote-by-mail law. As you may recall, in that matter, the Council ruled in NJAC's favor in determining that the vote-by-mail law constituted an unfunded mandate and invalidated the measure accordingly. The Legislature and Governor then promptly enacted a new vote-by-mail law and included funding for all 21 counties. We're optimistic that the Legislature and Governor will recognize in-person early voting as a worthwhile investment and will fund the new law accordingly.

IN-PERSON EARLY VOTING GENERAL DATA - TABLE 1

COUNTY	VOTERS ¹	VOTING CENTERS ²	VOTING MACHINES ³	ELECTRONIC POLL BOOKS ⁴	SOFTWARE ⁵	BALLOT PRINTERS ⁶	POLL WORKERS ⁷
Atlantic	205,998	7	140	280	1	7	560
Bergen	684,075	10	200	400	1	10	800
Burlington	349,797	10	200	400	1	10	800
Camden	397,955	10	200	400	1	10	800
Cape May	77,349	5	200	200	1	5	400
Cumberland	96,210	5	100	200	1	5	400
Essex	575,316	10	200	400	1	10	800
Gloucester	230,362	7	140	280	1	7	560
Hudson	414,052	10	200	400	1	10	800
Hunterdon	106,084	5	100	200	1	5	400
Mercer	263,044	7	140	280	1	7	560
Middlesex	570,109	10	200	400	1	10	800
Monmouth	491,424	10	200	400	1	10	800
Morris	394,249	10	200	400	1	10	800
Ocean	450,029	10	200	400	1	10	800
Passaic	329,536	10	200	400	1	10	800
Salem	49,938	3	100	200	1	10	400
Somerset	260,194	5	140	280	1	3	560
Sussex	116,562	3	100	200	1	5	400
Union	351,561	7	200	400	1	7	800
Warren	86,984	3	100	200	1	3	400
<i>Totals</i>	<i>6,500,828</i>	<i>168</i>	<i>3,360</i>	<i>19,412</i>	<i>21</i>	<i>168</i>	<i>13,440</i>

FOOTNOTES - TABLE 1

1. This column summarizes the total number of registered voters in each county.
2. This column summarizes the maximum total number of early voting centers each county is projected to operate beginning with the 2021 General Election pursuant to P.L. 2021, Chapter 40.
3. This column summarizes the maximum total number of new voting machines each county is projected to purchase pursuant to P.L. 2021, Chapter 40.
4. This column summarizes the maximum total number of electronic pollbooks each county is projected to purchase pursuant to P.L. 2021, Chapter 40.
5. This column illustrates that each county must purchase software compatible with the new voting machines acquired pursuant P.L. 2021, Chapter 40.
6. This column summarizes the total number of paper ballot printers each county is projected to purchase pursuant to P.L. 2021, Chapter 40.
7. This Column summarizes the maximum total number of poll workers that each county is projected to pay to operate early voting centers pursuant to P.L. 2021, Chapter 40.

IN PERSON EARLY VOTING INITIAL CAPITAL PURCHASES - TABLE 2

ITEM	QUANTITY	COST PER UNIT	TOTAL COSTS
Voting Machines ¹	3,360	\$9,100.00	\$30,576,000.00
Electronic Pollbooks ²	19,412	\$2,252.00	\$43,715,824.00
Software ³	21	\$57,850.00	\$1,214,850.00
Ballot Printers ⁴	168	\$10,655.00	\$1,790,000.00
<i>Totals</i>	<i>NA</i>	<i>NA</i>	<i>\$77,296,674.00</i>

FOOTNOTES - TABLE 2

1. This column summarizes the total projected costs for all 21 counties to purchase the maximum number of voting machines pursuant to P.L. 2021, Chapter 40.
2. This column summarizes the total projected costs for all 21 counties to purchase the maximum number of electronic pollbooks pursuant to P.L. 2021, Chapter 40.
3. This column summarizes the total projected costs for all 21 counties to purchase the minimum amount of software compatible with the new voting machines acquired pursuant to P.L. 2021, Chapter 40.
4. This column summarizes the total projected costs for all 21 counties to purchase paper ballot printers pursuant to P.L. 2021, Chapter 40.

TABLE 3 - IN PERSON EARLY VOTING NON-CAPITAL ADDITIONAL INITIAL EXPENSES

ITEM	TOTAL COSTS
Poll workers	\$9,354,240.00
Ballot Tabulation	\$51,450.00
Acceptance Testing	\$20,400.00
Project Management	\$51,000.00
Election Site Support	\$28,050.00
Poll Book Training	\$10,200.00
Machine Onsite Support	\$9,350.00
Equipment Installation	\$38,000.00
Implementation Service	\$76,500.00
<i>Totals</i>	<i>\$9,639,190.00</i>

FOOTNOTES - TABLE 3

1. Table 3 summarizes the projected additional initial expenses all 21 counties will incur pursuant to P.L. 2021, Chapter 40, which includes, but is not limited to, one time vendor fees, start-up fees, poll worker expenses, and more.
2. Tables 1-3 do not include the additional long-term operational expenses for new hires and staff overtime costs; the storage, security, and maintenance of additional voting equipment; annual vendor fees, warranties, licenses, and software; the acquisition of consumables such as ballot bins, ballot stock, printer cartridges, thermal paper rolls, USB sticks, transportation bags and, more; and, the creation, management, and establishment of a secure data center.
3. The information contained in tables 1-3 was collected and summarized by the New Jersey Association of Election Officials and the County Clerks Section of the Constitutional Officers Association of New Jersey.

In general, the new law will establish an in-person early voting procedure to allow voters to cast their votes at specially designated polling places before the day of certain primary and general elections. Under the law, the early voting period will: start on the 4th calendar day before a non-presidential primary election for a non-presidential general election and end on the second calendar day before that non-presidential primary election; start on the 6th calendar day before a presidential primary election for a presidential general election and end on the second calendar day before that presidential primary election; and, start on the 10th calendar day before a general election and end on the second calendar day before that general election.

The measure will further require that a municipality holding municipal elections on the second Tuesday in May, by an ordinance adopted by its governing body, may also conduct in-person early voting for those municipal elections, starting on the 4th calendar day before the regular municipal election and ending on the second calendar day before that regular municipal election. Under the bill, in-person early voting would enable a registered voter to vote at a designated polling place before the day of an election using optical-scan voting machines that read hand-marked paper ballots or other voting machines that produce a voter-verifiable paper ballot. Designated polling places must be open for early voting on Monday through Saturday from at least 10 AM to 8 PM, and on Sunday from at least 10 AM to 6 PM. In real time using the electronic poll books each day during the early voting period, and prior to the start of the regularly scheduled election, each county board must make such changes as may be necessary to the voter's record in the Statewide voter registration system to indicate that a voter has voted in that election using the early voting procedure. A voter who participates in early voting will not be permitted to vote by mail-in ballot or in person on election day.

The law also provides that each county board of elections is to designate at least three but not more than five early voting locations in each county, except that the county board must designate at least five but not more than seven public locations for early voting if the number of registered voters in the county is at least 150,000 but less than 300,000, and must designate at least seven but not more than 10 public locations for early voting if the number of registered voters in the county is 300,000 or more. A

municipality that conducts May elections and that chooses to participate in early voting is to designate at least one but not more than three early voting locations. However, this provision will not be interpreted to prevent county boards of elections, at their discretion, from establishing additional locations in excess of the upper limits respectively set forth, provided, however, that the State will be required to provide reimbursement for the costs of locations up to and including the upper limits established, and will not be required to provide reimbursement for additional locations beyond those limits.

POLICE AND FIRE BENEFIT ENHANCEMENTS

Despite the fact that the Office of Legislative Services (OLS) estimated that **SENATE, NO. 1017** (*Gopal D-11/Lagana D-38*)(*Dancer R-12/Chaparro D-3*) will "increase retirement allowances from the Police and Firemen's Retirement System (PFRS) by \$465.3 million annually (\$409.5 million for local retirees and \$55.8 million for State retirees) if all 7,630 (6,415 local and 1,215 State) eligible members retire under the new retirement benefit," Governor Murphy signed the legislation into law as P.L. 2021, c.52. NJAC, the Jersey State League of Municipalities (NJLM), and the Government Finance Officers Association of New Jersey (GFOA) strongly opposed this measure for the following reasons:

- Chapter 52 will enhance member benefits.
- Chapter 52 will accelerate pension payments to members.
- Chapter 52 will increase the unfunded accrued liability of PFRS.

Under the new law, a member of PFRS who was enrolled before the law's effective date and is currently a member may retire within two years, regardless of age, upon attaining 20 or more years of service credit. The member will receive a retirement allowance equal to 50% of the member's final compensation. As such, a police officer hired at the age of 20 could retire at the age of 40. Conservatively assuming this police officers retires as a patrolman at a salary of \$120,000.00 per year and lives until the age of 80, taxpayers will be responsible for paying this police officer in retirement \$2,400,000.00 ($\$120,000.00 \times 50\%$) = $\$60,000/00 \times 40$ years) with \$300,000.00 in accelerated payments by taking retirement 5 years earlier that required under prior law.

At a time in which State leadership should be focusing on how to relieve the ever-growing burden on the State's beleaguered taxpayers and businesses while protecting the long-term health and viability of the pension systems, this new law imposes a new and untimely liability. Even more so, given the fact that counties and municipalities face double digit increases in their pension bills. Additionally, county and municipal governments as employers will finance nearly 75% of the total contributions made to PFRS in 2021 at a staggering \$1.0 billion. It's also worth noting that statutory law caps employee contributions at 10% of an employee's annual salary, while employer contributions are based on actuarial assumptions that will equal approximately 33% of

an employee's annual salary in 2021. Moreover, as a defined benefits plan, property taxpayers bear the risk of loss for poor investments, a decline in the stock market, a decrease in the assumed rate of return for long-term investments as was the case in 2020, and benefit enhancements as is the case under this new law.

UPCOMING NJAC EVENTS: We hope you plan on joining us for NJAC's in-person annual celebration of county government set for October 12th through October 14th at Caesar's in Atlantic City. We're in the early stages of planning for an outstanding event, so make sure to mark your calendars for the following important dates: NJAC's Conference Committee will meet by video conference at 10:00 a.m. on May 14th to lay the groundwork for county governments' premiere event; and we're currently accepting proposals for annual conference workshops. Space is very limited this year, so please submit your proposal no later than May 28th.

**THE TOP 10 WORST SONGS TO HEAR ON THE DANCE FLOOR WITH A DATE
WHILE WEARING A FACE COVERING AND SOCIAL DISTANCING**

- 10) Right and a Wrong Way *by Keith Sweat*
- 9) Close the Door *by Teddy Pendergrass*
- 8) Love to Love You Baby *by Donna Summer*
- 7) I Only Have Eyes for You *by the Flamingos*
- 6) When a Man Loves a Woman *by Percy Sledge*
- 5) Never, Never Gonna Give You Up *by Barry White*
- 4) I Miss You *by Harold Melvin and the Blue Notes*
- 3) Let's Get it On *by Marvin Gaye*
- 2) Call my Name *by Prince*
- 1) Love Won't let me Wait *by Major Harris*

"I would rather be exposed to the inconveniences attending too much liberty than those attending too small a degree of it." Thomas Jefferson